

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	1. TRANSMITTAL NUMBER: SD-13-7	2. STATE: South Dakota
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE July 1, 2013	
5. TYPE OF PLAN MATERIAL (Check One):		

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: 1902(a)(13)(A), 1902(a)(30), and 1923 of the Act, and 42 CFR 447 Subpart C	7. FEDERAL BUDGET IMPACT: a. FFY 2013: \$13,877 b. FFY 2014: \$41,630
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B, Page 20	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-B, Page 20
10. SUBJECT OF AMENDMENT: This State Plan Amendment implements an inflationary increase of 2.1% to the dispensing fee for pharmacies.	


11. GOVERNOR'S REVIEW (Check One):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT

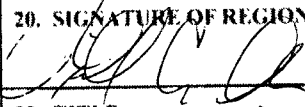
☐ OTHER, AS SPECIFIED:

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: DEPARTMENT OF SOCIAL SERVICES DIVISION OF MEDICAL SERVICES 700 GOVERNORS DRIVE PIERRE, SD 57501-2291
13. TYPED NAME: KIM MALSAM-RYSDON	
14. TITLE: Department Secretary	
15. DATE SUBMITTED: July 27, 2013	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 7/27/13	18. DATE APPROVED: 10/18/13
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: 7/1/13	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME: RICHARD C. ALLEN	22. TITLE: ARA, DMCHO
23. REMARKS:	

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-14-26
Baltimore, Maryland 21244-1850



Disabled & Elderly Health Programs Group

October 18, 2013

Kim Malsam-Rysdon
Department Secretary
Department of Social Services
Division of medical Services
700 Governors Drive
Pierre, SD, 57501-2291

Dear Ms. Malsam-Rysdon,

We have reviewed South Dakota State Plan Amendment (SPA) TN. 13-007 received in the Denver regional office on July 27, 2013. This amendment proposed a 2.1% increase in the dispensing fee to \$4.40 plus an additional \$0.80 for unit dose dispensing. In addition, the SPA proposed the replacement of Average Wholesale Price (AWP) with Consolidated Price which is calculated as Wholesale Acquisition Cost (WAC) multiplied by 1.2.

We are pleased to inform you that the amendment is approved with an effective date of July 1, 2013. A copy of the CMS-179 form, as well as the pages approved for incorporation into the South Dakota state plan, will be forwarded by the Denver Regional Office. If you have any questions regarding this amendment, please contact Emeka Egwim at (410) 786-1092.

Sincerely,

/s/

Larry Reed
Director
Division of Pharmacy

cc: Richard D. Allen, ARA, Denver Regional Office
Rebecca M. Burch Mack, Denver Regional Office
Ann Schwartz, Deputy Director, Division of Medical Services, South Dakota Department of Social Services
Kirby L. Stone, State Medicaid Director
Brenda Tidball-Zeltinger, Chief Financial Officer

ATTACHMENT 4.19-B
PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

12a. Prescription Drugs

The State agency will reimburse prescription drugs at the lowest of the following:

1. The pharmacy's usual and customary charge to the general public for the drug;
2. The Federal upper limit for the drug;
3. The Consolidated Price for the drug, less 13 percent. Consolidated Price is a replacement for Average Wholesale Price and is calculated as follows: Wholesale Acquisition Cost (WAC) multiplied by 1.2, if no WAC then Direct Price multiplied by 1.2 ; or
4. The price for the drug as shown on the agency's published list of drugs with a State Maximum Allowable Cost (SMAC). SMAC items are those drugs widely and consistently available to South Dakota pharmacies at a price that is significantly less than Consolidated Price. The agency employs a third party contractor whose proprietary research determines prices for drugs from multiple sources. The vendor posts the prices to the website <https://sd.providerportal.sxc.com/providerportal/faces/PreLogin.jsp>, and updates the list monthly.
5. Calculation of items 2, 3, and 4 also includes a dispensing fee when applicable. The dispensing fee is \$4.40 plus an additional \$.80 for unit dose dispensing. The methodology used to develop the dispensing fee utilized information from participating pharmacies relative to their operating costs and the volume of prescriptions dispensed.

TN# 13-7
SUPERSEDES
TN# 12-6

Approval Date 10/18/13

Effective Date 7/01/13